



Llywodraeth Cymru
Welsh Government

THE AGRICULTURAL ADVISORY PANEL FOR WALES (ESTABLISHMENT) ORDER 2016

Explanatory Memorandum
Incorporating the Regulatory Impact Assessment

2 February 2016

Explanatory Memorandum to the Agricultural Advisory Panel for Wales (Establishment) (Wales) Order 2015

This Explanatory Memorandum has been prepared by the Economy, Skills and Natural Resources Department and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

Minister's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Agricultural Advisory Panel for Wales (Establishment) Order 2016 and I am satisfied that the benefits outweigh any costs.

Rebecca Evans AM

Deputy Minister for Farming and Food

2 February 2016

Contents

Description	4
Matters of special interest to the Constitutional and Legislative Affairs Committee	4
Legislative background	4
Purpose & intended effect of the legislation	4
Consultation	5
Note of Alteration	5
ANNEX A - Regulatory Impact Assessment	6
ANNEX B - Specific Impact Assessment	21

Description

1. The Agricultural Advisory Panel for Wales (Establishment) (Wales) Order 2016 creates the Agricultural Advisory Panel for Wales (“the Panel”) as is required under the Agricultural Sector (Wales) Act 2014 (“the 2014 Act”). The Panel will have the functions of promoting careers in agriculture, drafting agricultural wages orders and advising the Welsh Ministers on matters relating to the agricultural sector in Wales as the Welsh Ministers may require.

Matters of special interest to the Constitutional and Legislative Affairs Committee

2. The Constitutional and Legislative Affairs Committee is requested to note the following:
 - The Deputy Minister for Farming and Food decided to utilise the anticipatory exercise of powers clause (s.13) of the Interpretation Act 1978 to appoint the Chair and members of the Agricultural Advisory Panel for Wales prior to the coming into force date of the Agricultural Advisory Panel for Wales (Establishment)(Wales) Order 2015.
 - She decided to utilise this power due to the fact that the public appointment process the Welsh Government has used to select the independent Chair and independent members of the Panel is a very lengthy process. Had the Deputy Minister waited to appoint the Panel members until after the Order establishing the Panel had been signed, there would be a significant risk that the Panel would not be in place before the 4th Assembly is dissolved. This in turn would have resulted in significant delays to the Panel being convened.

Legislative background

3. The Agricultural Advisory Panel for Wales (Establishment) (Wales) Order 2016 (“the Order”) will be made pursuant to section 2 of the 2014 Act. The Order is subject to approval by the National Assembly for Wales under the affirmative legislative procedure.

Purpose & intended effect of the legislation

Background

4. The 2014 Act allows the Welsh Ministers to create agricultural wages orders until the Panel is created. However such an order is only intended to be an interim measure as agricultural wages orders require regular review and amendment. In the absence of the Agricultural Wages Board for England and Wales, the Panel is the only body which can sufficiently fulfil this regulatory function.
5. Beyond setting wage rates, agricultural wages orders also lay down terms and conditions of employment which take account of the unique nature of

agricultural work (including the unconventional hours and increased workplace hazards often associated with agricultural employment). As such, the Panel will be of vital importance to the efficient and safe functioning of the agricultural sector in Wales.

6. The 2011 census indicates that 23,000 workers were employed in agriculture in Wales accounting for 1.7% of the Welsh workforce (including employees and the self employed). While a relatively small percentage overall, there are local areas in Wales where agriculture provides a notably higher share of employment. For statistical purposes Wales is split into 1,909 local areas (LSOA). Around 10 per cent of these areas had at least 5 per cent of their workers in the agriculture sector. The maximum figure was just over 27 per cent¹.

Objectives

7. In accordance with the 2014 Act, the objectives of the Panel are to:
 - Promote careers in agriculture;
 - Prepare agricultural wages orders in draft and submit them to the Welsh Ministers for approval; and
 - Advise the Welsh Ministers on such other matters relating to the agricultural sector in Wales as the Welsh Ministers may require.
8. The Panel will be granted autonomy to decide how best to promote careers in agriculture. The Panel has been tasked with improving skills development within the sector in Wales and will be assisted in this regard by a permanent sub-committee on skills development and training.

Consultation

9. Details of consultation undertaken are included in the RIA below.

Note of alterations

10. The stakeholder organisations who have been approached to take a permanent seat on the Agricultural Advisory Panel for Wales to represent agricultural employers in Wales no longer includes CLA as they have informed the Welsh Government that while they do wish to work with the Panel upon its establishment, they do not wish to take a seat on the Panel. Therefore, to maintain balanced representation of employers and employees, the number of representatives of NFU and FUW must equal the number of representatives of UNITE.

¹ <http://gov.wales/statistics-and-research/industrial-sector-workers-size-built-up-area/?lang=en>

ANEX A – Regulatory Impact Assessment

1. This Regulatory Impact Assessment presents six different options in relation to the policy area covered by the Order. Broad categories of costs and benefits have been identified for each option.

Options

Option 1 – Do Nothing.

2. Under this option the Agricultural Advisory Panel for Wales (“the Panel”) would not be created. This option would constitute a breach of the Agricultural Sector (Wales) Act 2014 (“the 2014 Act”) as section 2 of that Act places a duty on the Welsh Ministers to “establish a panel to be known as the Agricultural Advisory Panel for Wales”.

Option 2 – Establish a Panel consisting of the lowest possible membership allowed under the Agricultural Sector (Wales) Act 2014.

3. The 2014 Act stipulates that the Panel must consist of a Chair person and at least three but not more than 10 other members (s.2 (3)). The Panel membership must also adequately reflect the interest of all parts of the agricultural sector (s.2 (4) (b)). Therefore the lowest possible membership would be a Panel Chair, one representative of agricultural employers and one representative of agricultural employees. This composition would satisfy the membership requirement and ensure balanced representation of both agricultural employers and agricultural employees.

Option 3 – Establish a Panel of nine members (including the Chair) and including two independent agricultural experts.

4. Under this option the Panel would consist of the following composition:

- One independent Chair
- Two representatives of UNITE
- One representative of FUW
- One representative of NFU
- One representative of YFC
- One representative of LANTRA
- Two independent agricultural experts

5. The Order to establish the Panel would include provisions allowing the Panel the power to create sub-committees on an as needed basis should the need arise but no permanent sub-committees (given the range of representatives on the Panel there would be no need for other organisations to be permanently affiliated).

Option 4 – Establish a Panel of nine members (including the Chair) and including one independent agricultural expert and one independent education expert.

6. Under this option the Panel would consist of the following composition:

- One independent Chair
- Two representatives of UNITE
- One representative of FUW
- One representative of NFU
- One representative of YFC
- One representative of LANTRA
- One independent agricultural expert
- One independent education expert

7. The Order to establish the Panel would not include any provisions allowing the Panel the power to create sub-committees on an as needed basis nor would a permanent sub-committee be created.

Option 5 – Establish a Panel of nine members (including the Chair) and including two independent agricultural experts and two independent education experts.

8. Under this option the Panel would consist of the following composition:

- One independent Chair
- Two representatives of UNITE
- One representative of FUW
- One representative of NFU
- Two independent agricultural experts
- Two independent education experts

9. The Order to establish the Panel would include provisions allowing the Panel the power to create sub-committees on an as needed basis should the need arise as well as provisions establishing a permanent sub-committees whose remit would be to focus on skills development and training within the industry. The permanent sub-committee would be led by representatives of organisations with the relevant expertise and experience and the four independent members of the core Panel would each also sit on the permanent sub-committee.

Option 6 – Establish a Panel of seven members (including the Chair) and including one independent agricultural expert and one independent education expert.

10. Under this option the Panel would consist of the following composition:

- One independent Chair
- Two representatives of UNITE

- One representative of FUW
- One representative of NFU
- One independent agricultural expert
- One independent education expert

11. The Order to establish the Panel would include provisions allowing the Panel the power to create sub-committees on an as needed basis should the need arise as well as provisions establishing a permanent sub-committees whose remit would be to focus on skills development and training within the industry. The permanent sub-committee would be led by representatives of organisations with the relevant expertise and experience and the two independent members of the core Panel would each also sit on the permanent sub-committee.

Costs and Benefits

12. The costs and benefits of the six options above have been analysed and are listed below. Consideration has been given as to whether costs and benefits are direct or indirect and whether they are recurring. Where possible, costs and benefits have been monetised.

13. With the exception of Option 1, all options include a Panel composition which includes Independent members (including a Chair) as well as stakeholder representatives. In accordance with the Agricultural Advisory Panel for Wales (Establishment) Order 2016, the Welsh Government must provide independent members (including the Chair) remuneration for time served on the Panel as well as providing travel and subsistence costs for all Panel members, including stakeholder representatives. While the minimum remuneration provided to independent members can be calculated over the course of a year for each option, the travel and subsistence costs can not be estimated with any accuracy as:

- i. The Agricultural Advisory Panel for Wales (Establishment) Order 2016 states that the Panel must meet a minimum of three times a year but states no maximum number of meetings, and;
- ii. Travel and subsistence costs will depend on distance travelled, means of travel (public or not) and accommodation (if and when accommodation is required). There is no accurate means of predicting these variables.

14. However, the Wales Industrial Development Advisory Board, a statutory advisory body similar in composition to the Agricultural Advisory Panel for Wales, incurs a monthly travel and subsistence cost of approximately £700 for its 8 members. It would not be unreasonable to assume the travel and subsistence costs for the Agricultural Advisory Panel would be similar.

15. Further to the above point concerning travel and subsistence costs, it would be reasonable to expect that for options which consist of larger Panel compositions, costs will be increased due to increased travel and subsistence

expenses. Therefore, for the purposes of the RIA we have assumed that a Panel of 9 members would incur travel and subsistence costs of approximately £800 per meeting, a Panel of 7 members would incur costs of approximately £650 per meeting, a Panel of 5 members could incur costs of approximately £450 per meeting and a Panel of 3 members would incur costs of approximately £300 per meeting.

Option 1 – Do Nothing

Costs

16. Under this option the Panel would not be created and as such there would be no direct financial cost to the Welsh Government.
17. This option would however place the Welsh Ministers in breach of the duty placed on them by the Agricultural Sector (Wales) Act 2014 to establish the Panel which could in turn open the Welsh Ministers to potential legal action for breach of a statutory obligation.
18. As one of the core functions of the Panel would be to draft agricultural wages orders, should the Panel not be created, the (minimum) wage rates for each grade set by the Agricultural Wages (Wales) Order 2016 would remain unchanged.

Benefits

19. Given the decision to require Agricultural Wages Orders in Wales, having a suitably constituted Agricultural Advisory Panel is a requirement, which would not be delivered by this Option.

Option 2 - Establish a Panel consisting of the lowest possible membership allowed under the Agricultural Sector (Wales) Act 2014.

Costs

20. Under this option the costs incurred by the Welsh Government would include remuneration for the independent Panel Chair and travel and subsistence costs for all Panel members. These costs would be recurring over the course of the Panel's four year term and would remain so for the duration of the Panel's existence.
21. If the Panel were to meet the minimum number of times allowed under the Agricultural Advisory Panel for Wales (Establishment) Order 2016, the cost to Welsh Government for providing remuneration to independent members and travel and subsistence to all members would be as follows:

Independent Members	Daily rate	No. of days per year	Total/Year
Independent Chair	£300/day	3	£900
T&S	£300 approx.	3	£900
Total			£1,800

22. Though there is no statutory limitation on the maximum number of meetings the Panel may convene, it would be reasonable to expect that they would not meet more than 3 times a month, totalling 36 meetings a year. This can be considered the absolute maximum number of meetings the Panel would hold. The cost to Welsh Government for providing remuneration to independent members and travel and subsistence for all members for such a number of meetings under option 2 would be as follows:

Independent Members	Daily rate	No. of days per year	Total/Year
Independent Chair	£300/day	36	£10,800
T&S	£300 approx.	36	£10,800
Total			£21,600

23. If this option were undertaken, the Panel would be severely under resourced to fulfil its wide remit. Given the inclusion of only three Panel members (including the Chair) it is highly unlikely that the Panel would be able to address matters of skills development within Welsh agriculture or encouraging new entrants into the sector, especially absent any kind of sub-committees to assist. It would be highly likely that the Panel would focus solely on its wage setting function to the detriment of all other functions.

24. Therefore, should skills gaps or labour shortage within the industry in Wales pose challenges, the body established with a remit to address such challenges would be incapable of doing so due to a lack of human resources and expertise.

Benefits

25. This option would meet the requirements of the 2014 Act regarding the constitution of a Panel and poses the least expensive composition of the Panel with a minimum cost of remuneration for independent members of £900/ year and £3600 for each four year term of the Panel. It is also likely this option would be the least expensive in terms of travel and subsistence costs for the Panel members given it is the smallest Panel membership.

Option 3 – Establish a Panel of nine members (including the Chair) and including two independent agricultural experts.

Costs

26. Under this option the costs incurred by the Welsh Government would include remuneration for the independent Panel Chair and two independent agricultural experts as well as travel and subsistence costs for all Panel

members. These costs would be recurring over the course of the Panel's four year term and would remain so for the duration of the Panel's existence.

27. If the Panel were to meet the minimum number of times allowed under the Agricultural Advisory Panel for Wales (Establishment) Order 2016, the cost to Welsh Government for providing remuneration to independent members would be as follows:

Independent Members	Daily rate	No. of days per year	Total/Year
Independent Chair	£300/day	3	£900
Independent agricultural expert	£250/day	3	£750
Independent agricultural expert	£250/day	3	£750
T&S	£800 approx.	3	£2,400
Total			£4,800

28. Though there is no statutory limitation on the maximum number of meetings the Panel may convene, it would be reasonable to expect that they would not meet more than 3 times a month, totalling 36 meetings a year. This can be considered the absolute maximum number of meetings the Panel would hold. The cost to Welsh Government for providing remuneration to independent members for such a number of meetings under option 3 would be as follows:

Independent Members	Daily rate	No. of days per year	Total/Year
Independent Chair	£300/day	36	£10,800
Independent agricultural expert	£250/day	36	£9,000
Independent agricultural expert	£250/day	36	£9,000
T&S	£800 approx.	36	£28,800
Total			£57,600

29. In addition to the higher costs incurred than under Option 2, this option may pose a risk to the balance of representation on the Panel. The inclusion of non-Union stakeholder representatives (LANTRA and YFC) may cause the balance of employer/employee representation to become unequal (i.e. if the YFC and/or LANTRA representatives favour a particular view point for personal or other reasons).

30. Furthermore, non-Union stakeholder representatives may have reservations about being included in wage negotiations as they are not representative of employers or employees (or representative of both in the case of YFC).

Benefits

31. The increased membership (including independent experts) above Option 2 should add to the capability and capacity of the Panel to meet the broader

remit of activities. Allowing the Panel to create sub-committees on an ad-hoc basis allows a degree of flexibility which the composition under Option 2 does not. The Panel would face a significantly lessened risk of experiencing a lack of resources to fulfil the whole of its remit.

32. The ratio of independent members to industry representatives for option 3 (i.e. more industry representatives than independent members) also ensures the Panel remains an industry led body.

Option 4 – Establish a Panel of nine members (including the Chair) and including one independent agricultural expert and one independent education expert.

Costs

33. Under this option the costs incurred by the Welsh Government would include remuneration for the independent Panel Chair, the independent agricultural expert and the independent education expert as well as travel and subsistence costs for all Panel members. These costs would be recurring over the course of the Panel’s four year term and would remain so for the duration of the Panel’s existence. The costs would therefore be the same as for Option 3.

34. If the Panel were to meet the minimum number of times allowed under the Agricultural Advisory Panel for Wales (Establishment) Order 2016, the cost to Welsh Government for providing remuneration to independent members would be as follows:

Independent Members	Daily rate	No. of days per year	Total/Year
Independent Chair	£300/day	3	£900
Independent agricultural expert	£250/day	3	£750
Independent education expert	£250/day	3	£750
T&S	£800 approx.	3	£2,400
Total			£4,800

35. Though there is no statutory limitation on the maximum number of meetings the Panel may convene, it would be reasonable to expect that they would not meet more than 3 times a month, totalling 36 meetings a year. This can be considered the absolute maximum number of meetings the Panel would hold. The cost to Welsh Government for providing remuneration to independent members for such a number of meetings under option 4 would be as follows:

Independent Members	Daily rate	No. of days per year	Total/Year
Independent Chair	£300/day	36	£10,800

Independent agricultural expert	£250/day	36	£9,000
Independent education expert	£250/day	36	£9,000
T&S	£800 approx.	36	£28,800
Total			£57,600

36. Like Option 3, this option may pose a risk to the balance of representation on the Panel. The inclusion of non-Union stakeholder representatives (LANTRA and YFC) may cause the balance of employer/employee representation to become unequal (i.e. if the YFC and/or LANTRA representatives favour a particular view point for personal or other reasons).

37. Furthermore, non-Union stakeholder representatives may have reservations about being included in wage negotiations as they are not representative of employers or employees (or representative of both in the case of YFC).

38. Though the Panel composition for this option is sizeable, there is still a possibility the Panel would experience difficulties in delivering upon its wide remit absent the ability to establish sub-committees.

Benefits

39. Including an independent expert with a background in education would be of great use to the Panel regarding its role in encouraging new entrants into the industry and presenting agriculture as a viable career choice to younger persons. Such an individual would also naturally be of great use regarding the Panel's remit to encourage skills development.

40. The ratio of independent members to industry representatives for option 4 (i.e. more industry representatives than independent members) also ensures the Panel remains an industry led body.

Option 5 – Establish a Panel of nine members (including the Chair) and including two independent agricultural experts and two independent education experts.

Costs

41. Under this option the costs incurred by the Welsh Government would include remuneration for the independent Panel Chair, the two independent agricultural experts and the two independent education experts as well as travel and subsistence costs for all Panel members. These costs would be recurring over the course of the Panel's four year term and would remain so for the duration of the Panel's existence.

42. If the Panel were to meet the minimum number of times allowed under the Agricultural Advisory Panel for Wales (Establishment) Order 2016, the cost to Welsh Government for providing remuneration to independent members would be as follows:

Independent Members	Daily rate	No. of days per year	Total/Year
Independent Chair	£300/day	3	£900
Independent agricultural expert	£250/day	3	£750
Independent agricultural expert	£250/day	3	£750
Independent education expert	£250/day	3	£750
Independent education expert	£250/day	3	£750
T&S	£800 approx.	3	£2,400
Total			£6,300

43. Though there is no statutory limitation on the maximum number of meetings the Panel may convene, it would be reasonable to expect that they would not meet more than 3 times a month, totalling 36 meetings a year. This can be considered the absolute maximum number of meetings the Panel would hold. The cost to Welsh Government for providing remuneration to independent members for such a number of meetings under option 5 would be as follows:

Independent Members	Daily rate	No. of days per year	Total/Year
Independent Chair	£300/day	36	£10,800
Independent agricultural expert	£250/day	36	£9,000
Independent agricultural expert	£250/day	36	£9,000
Independent education expert	£250/day	36	£9,000
Independent education expert	£250/day	36	£9,000
T&S	£800 approx.	36	£28,800
Total			£75,600

44. This is the most expensive of the 5 options as it consists of a Panel composition which includes 5 independent members. Over the course of a four year term the minimum cost of remunerating independent Panel members for their time would be £15,600.

45. The ratio of independent members to industry representatives for option 5 (i.e. more independent members than industry representatives) may cause concern as the Panel may be perceived to no longer be an industry led body.

Benefits

46. Excluding non-Union stakeholder representatives from the Panel composition removes any concern that the ratio of employer representatives to employee representatives would be in any way unbalanced.

47. The inclusion of a permanent sub-committee would allow the Panel more time to focus on wage negotiations and associated issues while ensuring the additional remit of encouraging skills development in the sector is properly addressed.
48. Allowing the Panel to establish additional sub-committees on an ad-hoc basis also allows the Panel a degree of flexibility and the capacity to make full use of external expertise.
49. Including two independent experts with a background in education would be of great use to the Panel regarding its role in encouraging new entrants into the industry and presenting agriculture as a viable career choice.

Option 6 – Establish a Panel of seven members (including the Chair) and including one independent agricultural expert and one independent education expert.

Costs

50. Under this option the costs incurred by the Welsh Government would include remuneration for the independent Panel Chair, the independent agricultural expert and the independent education expert as well as travel and subsistence costs for all Panel members. These costs would be recurring over the course of the Panel’s four year term and would remain so for the duration of the Panel’s existence.
51. If the Panel were to meet the minimum number of times allowed under the Agricultural Advisory Panel for Wales (Establishment) Order 2016, the cost to Welsh Government for providing remuneration to independent members would be as follows:

Independent Members	Daily rate	No. of days per year	Total/Year
Independent Chair	£300/day	3	£900
Independent agricultural expert	£250/day	3	£750
Independent education expert	£250/day	3	£750
T&S	£650 approx.	3	£1,950
Total			£4,350

52. Though there is no statutory limitation on the maximum number of meetings the Panel may convene, it would be reasonable to expect that they would not meet more than 3 times a month, totalling 36 meetings a year. This can be considered the absolute maximum number of meetings the Panel would hold. The cost to Welsh Government for providing remuneration to independent members for such a number of meetings under option 5 would be as follows:

Independent Members	Daily rate	No. of days per year	Total/Year
Independent Chair	£300/day	36	£10,800
Independent agricultural expert	£250/day	36	£9,000
Independent education expert	£250/day	36	£9,000
T&S	£650 approx.	36	£23,400
Total			£52,200

53. This is one of the least expensive compositions of the six options. Over the course of a four year term the minimum cost of operating the Panel would be £17,400.

Benefits

54. Excluding non-Union stakeholder representatives from the Panel composition removes any concern that the ratio of employer representatives to employee representatives would be in any way unbalanced.

55. The inclusion of a permanent sub-committee would allow the Panel more time to focus on wage negotiations and associated issues while ensuring the additional remit of encouraging skills development in the sector is properly addressed.

56. Allowing the Panel to establish additional sub-committees on an ad-hoc basis also allows the Panel a degree of flexibility and the capacity to make full use of external expertise.

57. Including an independent expert with a background in education would be of great use to the Panel regarding its role in encouraging new entrants into the industry and presenting agriculture as a viable career choice.

58. The ratio of independent members to industry representatives for option 6 (i.e. more industry representatives than independent members) also ensures the Panel remains an industry led body.

Additional Costs

59. There are certain costs which would be common to a number of the options above.

60. Options 3, 5 and 6 include provisions to allow the Panel to create sub-committees. This would result in increased costs due to additional travel and subsistence costs for those members of the sub-committee as well as additional remuneration if those selected to serve on any such sub-committees are external experts or independent members of the Panel itself. These additional costs however would also result in the Panel having additional value to the sector for the increased knowledge and expertise it would have access to. This would also be the case with regard to the

permanent sub-committee on skills development and training for options 5 and 6.

61. For options 2 to 6 where a Panel is created, a secretariat would need to be established to administer the operations of the Panel. This secretariat would be staffed by officers of the Welsh Government and as such the cost of staff time would be borne by the Welsh Government. Given the broadly administrative nature of the role of the secretariat, it would be reasonable to expect that a Welsh Government Executive Officer (EO) would possess the necessary skills to effectively carry out this function. The current monthly gross cost to Welsh Government for an EO per the 2015-16 pay scales is £2648. Averaging a 20 day working month, this calculates to £132 per day. This being the case, the minimum cost to Welsh Government for the secretariat (excluding travel and subsistence costs) would be as follows:

Secretariat	Daily rate	No. of days per year	Total/Year
WG Executive Officer	£132/day	3	£396
Total			£396

62. The maximum cost to the Welsh Government for the Secretariat (excluding travel and subsistence costs) for the core Panel would be as follows:

Secretariat	Daily rate	No. of days per year	Total/Year
WG Executive Officer	£132/day	36	£4752
Total			£4752

63. For options 2 to 6, the Panel would be expected to produce an annual report concerning its operations. The report will not be published in hard copy but will rather be available online so the cost of publishing will be minimal. The cost of producing and publishing this report would be borne by the Welsh Government (i.e. any travel and subsistence costs/remuneration for the independent members incurred by the Panel in the course of producing the report).

Preferred Option

64. Option 1 can not be pursued as failure to create an Agricultural Advisory Panel for Wales would be in breach of the Agricultural Sector (Wales) Act 2014 which places a duty on the Welsh Ministers to create such a Panel.

65. Option 2, while being the option of lowest cost, is an impractical option as a Panel of such a small composition would not be able to effectively address its remit. Furthermore, the Panel composition of option 2 excludes a major farming union (the FUW) which calls into question the extent to which the membership is truly representative of the sector. For this reason, option 2 is not the preferred option.

66. Option 3 may pose a risk to the balance of representation on the Panel. The inclusion of non-Union stakeholder representatives (LANTRA and YFC) may cause the balance of employer/employee representation to become unequal (i.e. if the YFC and/or LANTRA representatives favour a particular view point for personal or other reasons). Furthermore, non-Union stakeholder representatives may have reservations about being included in wage negotiations as they are not representative of employers or employees (or representative of both in the case of YFC). Also a composition which excludes any independent experts in education may cause the Panel to neglect its remit concerning skills and promoting careers (especially to the younger generations). For these reasons, option 3 is not the preferred option.
67. Option 4, like Option 3, may pose a risk to the balance of representation on the Panel. The inclusion of non-Union stakeholder representatives (LANTRA and YFC) may cause the balance of employer/employee representation to become unequal (i.e. if the YFC and/or LANTRA representatives favour a particular view point for personal or other reasons). Furthermore, non-Union stakeholder representatives may have reservations about being included in wage negotiations as they are not representative of employers or employees (or representative of both in the case of YFC). Though the Panel composition for this option is sizeable, there is still a possibility the Panel would experience difficulties in delivering upon its wide remit absent the ability to establish sub-committees. For these reasons, option 4 is not the preferred option.
68. While being the most expensive option, option 5 is thought to present the best value to cost ratio. Excluding non-Union stakeholder representatives from the Panel composition removes any concern that the ratio of employer representatives to employee representatives would be in any way unbalanced. The inclusion of a permanent sub-committee would allow the Panel more time to focus on wage negotiations and associated issues while ensuring the additional remit of encouraging skills development in the sector is properly addressed. Allowing the Panel to establish additional sub-committees on an ad-hoc basis also allows the Panel a degree of flexibility and the capacity to make full use of external expertise and including two independent experts with a background in education would be of great use to the Panel regarding its role in encouraging new entrants into the industry and presenting agriculture as a viable career choice. For these reasons, option 5 is the preferred option and is reflected in the provisions of The Agricultural Advisory Panel for Wales (Establishment) Order 2016.

Consultation

69. The Welsh Government conducted a preliminary 12 week consultation entitled "Agricultural Sector (Wales) Act 2014: Consultation on the Agricultural Advisory Panel for Wales" between 7 August and 30 October 2014. The consultation was open to the public and numerous stakeholder organisations were targeted, specifically those that operate within the agricultural sector and may have had an interest in the Panel if not a desire to be part of the Panel.

23 responses were received from a variety of stakeholder organisations and individuals.

70. The consultation was structured around four questions:

- i. How do we ensure that the proposed Panel achieves a balanced representation from across the industry? Please list the organisations, or types of organisations, you feel would contribute positively to the work of the Panel.
- ii. How might the proposed Panel improve the uptake of new entrants into the industry?
- iii. Please outline how the Panel's work might contribute towards continuous skills development and the professionalization of the agricultural industry in Wales?
- iv. How could the proposed Panel address the challenges that face the agricultural sector and utilise available opportunities in order to support the operation of businesses and the wider industry in Wales?

71. This preliminary consultation indicated broad industry support for the Panel and provided several recommendations as to the membership and potential functioning of the Panel. The consultation document and analysis is available on the Welsh Government's website at the following link:

<http://gov.wales/consultations/environmentandcountryside/consultation-on-agricultural-advisory-panel-for-wales/?status=closed&lang=en>

72. A second, more detailed consultation entitled "Consultation on the Agricultural Advisory Panel for Wales – 2015" was conducted between 27 March and 19 June 2015. As with the preliminary consultation, this consultation was open to the public and numerous stakeholder organisations were targeted, specifically those which operate within the agricultural sector and may have had an interest in the Panel. 24 responses were received.

73. This second consultation was structured around a question concerning membership and three proposals concerning functioning:

- i. Do you think the Panel should be made up of:
 - a. Three representatives of the workforce (Unite); three representatives of the employers (1 FUW, 1 NFU, 1 CLA); 1 YFC; one of either Lantra or secondary and higher agricultural educational institutions; two independent experts

- b. Four representatives of the workforce (Unite); four representatives of the employers (chosen by FUW, NFU, & CLA); two independent experts
 - c. Some other configuration.
- ii. The Welsh Government proposes that Panel members representing agricultural employers (NFU, FUW, CLA), agricultural employees (UNITE), YFC, LANTRA and agricultural educational institutions be chosen by their respective organisations.
 - iii. The Welsh Government proposes that the Panel Chair and independent members are selected through the public appointment process.
 - iv. The Welsh Government proposes that the Panel is given the ability to set up sub-committees to advise them on certain issues, such as promoting careers and skills development.
74. A majority of respondents favoured option (a) concerning the Panel membership and agreed with the Welsh Government's three proposals concerning the methods by which members would be selected and the use of sub-committees. The consultation document and analysis is available on the Welsh Government's website at the following link:

<http://gov.wales/consultations/environmentandcountryside/agricultural-advisory-panel-wales-2015/?status=closed&lang=en>

Competition Assessment

The competition filter test	
Question	Answer yes or no
Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share?	No
Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?	No
Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	No
Q4: Would the costs of the regulation affect some firms	No

The competition filter test	
Question	Answer yes or no
substantially more than others?	
Q5: Is the regulation likely to affect the market structure, changing the number or size of businesses/organisation?	No
Q6: Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet?	No
Q7: Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet?	No
Q8: Is the sector characterised by rapid technological change?	No
Q9: Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products?	No

75. In light of the above competition filter test, it is unlikely that the creation of the Agricultural Advisory Panel for Wales will have a significant detrimental effect on competition.

ANEX B – Specific Impact Assessment

76. Specific Impact assessments concerning equality, children’s rights and the Welsh language have been carried out and are available at the following link:

<http://gov.wales/topics/environmentcountryside/farmingandcountryside/agricultural-sector-wales-act-2014/agricultural-advisory-panel-for-wales/?lang=en>

<http://gov.wales/topics/environmentcountryside/farmingandcountryside/agricultural-sector-wales-act-2014/agricultural-advisory-panel-for-wales/?lang=cy>